



# Department of Justice

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## **MAN SENTENCED TO 15 MONTHS IMPRISONMENT FOR ROLE IN MORTGAGE SCHEME**

CINCINNATI— Jay Michael Sullivan, age 39, of Cincinnati, was sentenced in United States District Court here today to a total of 15 months imprisonment followed by three years of supervised release, and fined \$7,500. Sullivan pleaded guilty to one count of mail fraud and one count of money laundering for his role in a mortgage scheme. Sullivan is a mortgage broker who owned and operated Airline Union Mortgage Company between January, 2001 and early 2004.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, and Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, announced the sentence handed down today by United States Chief District Judge Sandra S. Beckwith.

Sullivan's sentence will also include restitution to victims. Judge Beckwith scheduled a hearing for June 27 to determine the amount.

Sullivan and Troy Clements, operating as American Funding, a private mortgage lender, developed a fraud scheme that allowed unqualified borrowers to obtain mortgage loans by creating and filing false documents with financial institutions.

Sullivan and other company employees would contact potential borrowers and collect information from them regarding their financial condition. The borrowers were instructed to create documents which supported loan amounts sufficient to buy a more expensive house than which they would otherwise qualify. The company would arrange to find a house, buy it and sell it to the borrower at a higher cost, earning inflated fees of up to \$5,000 for the transaction.

Clements pleaded guilty to conspiracy and money laundering and was sentenced on February 21, 2007 to 24 months imprisonment and fined \$10,000. Clements also signed an agreed entry for restitution for \$42,446.32 to ABN Amro and \$35,435.55 to National City Bank.

"Mortgage fraud schemes involving fake documents, inflated mortgage loans and exorbitant fees have contributed to the lending problem in the U.S. today," Lockhart said. "We will continue prosecution of those who try to knock the foundation out from under the American dream."

Lockhart commended the IRS agents who conducted the investigation and Deputy Criminal Chief Anthony Springer, who prosecuted the case.

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